



OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

JUL 17 2020

The Honorable Debbie Wasserman Schultz
Chairwoman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Madam Chairwoman:

The purpose of this letter is to notify the committee of the proposed reprogramming of funds for the projects and amounts shown below. Detailed justification for the projects are enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
1	<u>U.S. Special Operations Command</u> Eglin Air Force Base, Auxiliary Field #3, Florida	SOF Simulator Facility	2018	3,366,000
2	<u>Air Force Reserve</u> Joint Base Pearl Harbor-Hickam, Hawaii	Consolidated Training Facility	2018	4,728,000

A similar letter is being sent to the Chairman of the Senate Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. Thank you for your continued support of Defense programs.

Sincerely,

Thomas W. Harker
Performing the Duties of the Under Secretary of
Defense (Comptroller)/Chief Financial Officer

Enclosures:
As stated

cc:
The Honorable John Carter
Ranking Member



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The Honorable John Boozman
Chairman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The purpose of this letter is to notify the committee of the proposed reprogramming of funds for the projects and amounts shown below. Detailed justification for the projects are enclosed.

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Sincerely,

Thomas W. Harker
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Enclosures:
As stated

cc:
The Honorable Brian Schatz
Ranking Member

Bid Expiration Date: September 1, 2020

Military Construction, Defense-Wide (U.S. Special Operations Command)

Reprogramming Request

Installation: Eglin Air Force Base, Auxiliary Field #3, Florida

Project: SOF Simulator Facility

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018,
Public Law 115-91

Estimated Cost (\$000):

Previously Appropriated	5,000
Previously Reprogrammed	0
Requested Reprogramming	3,366
Total Estimated Cost	8,366

Project Description: This project constructs a C-146A simulator facility for Non-Standard Aviation Medium (NSAvM) aircraft. Construction will consist of concrete foundation and floor slab, structural framing, insulated walls, sloped roof, environmental control, fire detection and suppression and all necessary support.

Justification: Based on bids received to date, an additional \$3.4 million is required to award the project at the full scope needed to meet mission requirements. The cost increase is due to changes in the functional space requirements for the simulator and cost increases from construction market conditions in the local region.

- Functional Space Requirements (\$2.6 million): Most of the overall cost growth is the result of changes in the functional space requirements. The size of the simulator required 20 percent growth in the footprint of the high bay space and resulted in the reduction of administrative spaces in order to stay within the authorized scope. The weight and load distribution of the simulator required the planned 6-inch concrete slab to be increased to 8-inches in depth and again to 24-inches in depth under the full motion simulator.
- Market Conditions (\$0.8 million): Gulf coast market conditions have worsened since the project was originally programmed. Prior to Hurricane Michael, the region had a shortage of specialty subcontractors (steelworkers, masonry, concrete, and drywall) based on the demand for construction projects in both the private and government sectors. Hurricane Michael exacerbated the subcontractor shortage allowing them to pick which projects to pursue.

A Title 10 USC 2853 notification dated May 28, 2020 was submitted to Congress.

Source of Funds: Bid savings from the following project are available to source this requirement:

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Ft. Bragg, NC/ SOF Operations Support Building	2020	29,000	25,634	3,366
Total				3,366

Bid Expiration Date: N/A

Military Construction, Air Force Reserve

Reprogramming Request

Installation: Joint Base Pearl Harbor-Hickam, HI

Project: Consolidated Training Facility

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018,
Public Law 115-91

Estimated Cost (\$000):

Previously Appropriated	5,500
Previously Reprogrammed	0
Requested Reprogramming	4,728
Total Estimated Cost	10,228

Project Description: This project constructs a 757 square meter (8,150 square foot) Annex to Building 4100. It provides an adequately sized and configured facility for the 624th Regional Support Group (RSG) as well as the 624th Aeromedical Staging Squadron (ASTS).

Justification: During completion of advanced design efforts, it was discovered that the project site contained unstable soils associated with a former pond. This finding increased the project geotechnical costs dramatically due to the need to utilize deep foundation piles. Additionally, a boom in the off-base Honolulu construction industry, highlighted by a \$1B mass transit project as well as hotel construction and downtown development projects, has resulted in higher construction and labor costs.

A Title 10 USC 2853 notification dated May 15, 2020 was submitted to Congress.

Source of Funds: Savings from the following project will fund this requirement:

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Seymour Johnson AFB, NC/ KC-46A Construct Two Bay Corrosion/Fuel Cell Hangar	2017	90,000	67,532 ^{1/}	4,728
Total				4,728

^{1/} 10 USC 2853 cost variation notification dated September 26, 2017 was sent to the congressional committees.

Congressional Prior Approval (PA) Military Construction (MilCon) Reprogramming Actions

- The Department uses a formal reprogramming process to realign or transfer funds from one congressionally approved program to another either for different purposes or to provide an audit trail for proper execution.
- The Secretary of Defense has delegated the authority to transfer/realign resources during execution to the Under Secretary of Defense (Comptroller) (USD(C)).
- When a Component determines that it needs to submit a request to Congress to adjust a program above the MilCon reprogramming threshold of \$2 million or 25 percent of a project's cost, whichever is less, they submit a reprogramming request to the USD(C) for approval and submission to the Chairmen of the applicable defense oversight committees.
 - Increases must be funded from savings (contract bid savings, decrease in project scope, etc.) from other construction projects.
 - The number of projects requiring a reprogramming usually range 1 to 9 each month.
 - USD(C) submits MilCon reprogramming requests on a monthly basis, as required.
 - 10 USC §2853 also requires the Secretary of the Component or the Director of the Defense Agency to notify the House and Senate Authorization and Appropriations Committees if the cost variations exceed the notification threshold of 25% or \$12 million (200 percent of the minor construction ceiling of \$6 million), whichever is less.
- For the MilCon/VA act appropriations, the USD(Comptroller) submits a letter with a detailed enclosure requesting the approval to reprogram to the Chairmen of the House and Senate MilCon and VA Subcommittees of the Appropriations Committees.
 - The enclosure to the letter must provide the details of the reprogramming request to include the following:
 - Amount of the current approved program and the amount being reprogrammed
 - Year of project authorization or Authority being used
 - Justification
 - Identification of the funding source(s)
 - The Armed Services Committees of both the House and Senate are provided a copy of the request as a courtesy.
 - We have an agreement with the MilCon Appropriation Subcommittees to submit reprogramming requests at least 30 days before the contractor's bid on the work expires to allow them enough time to review the request.
- Once signed, these documents are submitted to the applicable committees via e-mail
- Once the documents are submitted, the Department reaches out to the committees to offer briefings or ask if they need any additional information to support the request.
- When they have completed their review of the reprogramming request, the Chairman of the committees provides a letter to the USD(C) advising of the committee's position on the request.
- After all committees have responded, the OUSD(C) staff will prepare the necessary paper work for implementation of the reprogramming.